

From: Bob Thomson
To: Microsoft ATR
Date: 12/12/01 4:48am
Subject: Microsoft Settlement

Dear Sir or Madam,

The settlement as proposed will do little, if anything, to impact on Microsoft's monopoly on the desktop Operating System and Web Browser markets. It is unlikely that anyone in the IT industry who has knowledge of these markets would believe this settlement will have any impact whatsoever. In this it appears to the vast majority of those 'in the know' that the US Government is powerless to punish corporations which break the laws of the US. Looking in from Europe this creates an extremely negative impression of the US government and it's attitude to business. The nation which is seen around the world to encourage entrepreneurship will be seen to favour the largest corporations at the expense of innovation and new businesses.

Microsoft has a long history of, what it euphemistically calls, "Embrace and extend" - Aquisition of competing companies and their products - the proposed settlement does nothing to address this. As such start-up companies will continue to bring products to market only to have them snuffed out by Microsoft by way of Microsoft using their vast resources to develop a similar product faster than the smaller company can build their market share or by Microsoft simply purchasing the company or it's product and absorbing it and the company.

Make no mistake that Microsoft has never innovated - it is hard to name a product that Microsoft have developed themselves which displays technical innovation that was not already present in other products. With their continued monopolies with the PC desktop OS and the Office Suite Microsoft will continue to have control over these markets and I cannot see anything in this settlement which will curtail this.

What is most disturbing however, is the case's complete absence of addressing the issue of the installed OS on PCs as purchased. It is almost impossible to purchase a PC without a Windows Operating System per-installed. There is no consumer choice. There is no technical reason why this should be the case. It is entirely the result of the restrictive licensing practices which Microsoft has forced upon PC manufacturers.

It is also the case that the impression given is that Microsoft have covedined the US Government that any impact on Microsoft will affect the entire IT industry. This is tantamount to nonsense. Microsoft

have a huge market captilisation by virtue of it's monopoly and it undoubtedly overvalued. There are huge areas of this industry that Microsoft have little influence on - the danger is that the lack of controls proposed in this settlement opens the door to Microsoft opening up new monopolies in the markets they have little control over at the moment. So, far from aiding the IT industry, the settelement as proposed would weaken it in the future by discouraging innovation and business startups and putting several other large players out of business resulting in huge job losses and a lack of competition.

In short this settlement should be completely discounted and redrawn with a view to addressing the following issues :

- 1) Microsoft has been found guilty of abusing it's monopoly in the PC desktop OS market.
- 2) Microsoft useds dubious and illegal practices to create a monopoly in the web browser market.
- 3) There is no consumer choice in purhcasing a PC with a pre-installed OS (As most PCs have a pre-installed OS)

The measures should include :

- 1) Microsoft should be barred from signing exclusive agreements with PC manufacturer's which preclude the manufacturer's from supplying PCs with more than one OS already installed (Dual boot).
- 2) Microsoft should be requird by law to release full details of APIs for all Operating System and Web Browser products as far in advance of release as possible.
- 3) Microsoft should be required by law to release details of all file formats used by Office products so that competitors can develop products which read and write these formats - This could be implemented by way of a licensing mechanism so that the intellectual property involved is not simply 'given away'. The current situation is analogous to a situation whereby CDs manufactuered by Sony are only playable on Sony CD players.
- 4) A review should be made in 5 years and if Microsoft is still felt to be abusing its monopoly then the company should be split into an operating system and services business and an applications business.

As a UK resident I await with interest the outcome of the EU Competition Commission's investigation into Microsoft. I hope the EU shows more bravery, insight and integrity than seems to be on display in the US DOJ.

Sincerely,
-Bob Thomson,
Director,
tty Ltd.

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